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September 30, 2008

CLIENT/MATTER NUMBER
019869-0101

Thomas Nash
U.S. Environmental Protection Agency
Region 5, C-14J
77 West Jackson Blvd.
Chicago, IL 60604

EPA Region 5 Records Ctr.



370606

Re: A-C Reorganization Trust Termination
Chemical Recovery Systems Site, Elyria Ohio

Dear Mr. Nash:

We are responding to your August 21, 2008 Special Notice to Allis-Chalmers Corporation ("Allis-Chalmers"). Allis-Chalmers underwent a Chapter 11 reorganization with a Plan of Reorganization confirmed by the Bankruptcy Court for the Southern District of New York on October 31, 1988. Foley & Lardner LLP, retained by the A-C Reorganization Trust ("Trust"), responded to the United States Environmental Protection Agency's ("EPA") March 2, 2001 104(e) request on behalf of Allis-Chalmers. It is the position of Allis-Chalmers and the Trust that all claims of the EPA against Allis-Chalmers were discharged by reason of the Allis-Chalmers bankruptcy.

By an Order signed on March 31, 2008, the Trust was terminated by the United States Bankruptcy Court of the Southern District of New York. The Order granted the Trustee's Motion for Entry of an Order Authorizing Termination of the A-C Reorganization Trust. I have attached a copy of the order for your reference. Foley & Lardner LLP no longer represents the terminated Trust.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

Tanya C. O'Neill

Enclosure

cc: Mary Tierney, U.S. EPA
Mary Kay Braza

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MILW_7726572.1

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:

HARTMAN MATERIAL HANDLING
SYSTEMS, INC., ALLIS CHALMERS
CORPORATION d/b/a AMERICAN AIR)
FILTER, et al.,

Debtors.

Chapter 11

Case No. 87-B-11226 (BRL)

**ORDER: (1) GRANTING TRUSTEE'S MOTION FOR ENTRY OF AN ORDER
AUTHORIZING TERMINATION OF THE A-C REORGANIZATION TRUST
AND DISCHARGE OF TRUSTEE; AND (2) AUTHORIZING TRAVELERS
TO NAME THE TRUST AS A NOMINAL DEFENDANT
IN CERTAIN PENDING ENVIRONMENTAL LITIGATION**

This matter having come before the Court on the motion of John T. Grigsby, Jr., as Trustee of the A-C Reorganization Trust (the "Trustee"), for entry of an order authorizing termination of the A-C Reorganization Trust (the "Trust") and discharge of the Trustee (the "Trust Motion"), and on the cross-motion of Travelers Casualty and Surety Company ("Travelers") seeking authority to name the Trust as a nominal defendant in certain pending environmental litigation (the "Travelers Motion" and, together with the Trust Motion, the "Motions"), and the Court having confirmed the above-captioned debtors' (the "Debtors") first amended and restated joint plan of reorganization (the "Plan") by order dated October 31, 1988 (the "Confirmation Order"), and the Confirmation Order having provided for a discharge under 11 U.S.C. § 1141(d) and a permanent injunction under 11 U.S.C. § 524, restraining and enjoining creditors from instituting or continuing any action or employing any process to collect debts that were discharged as liabilities or obligations of the Debtors except as otherwise specifically provided in the Confirmation Order, the Plan, or agreements attached to the Plan, due and proper

notice of the Motions having been given under the circumstances of these bankruptcy cases, the Court having considered the arguments of counsel, and the Court being fully advised in the premises, IT IS HEREBY ORDERED THAT:

1. The Motions are granted on the terms and conditions set forth herein;
2. Except as specifically provided in paragraph 9 herein, the Trustee and his counsel, Foley & Lardner LLP, are discharged from any further responsibility in these bankruptcy cases;
3. Upon disbursement of all remaining Trust funds, the Trust is terminated;
4. Except as specifically provided in paragraph 9 herein, the Trustee is authorized, in his sole discretion, to destroy any and all remaining Trust Records (as that term is defined in the Trust Motion);
5. The Plan, the Confirmation Order, and the discharge injunction imposed by operation of 11 U.S.C. §§ 524 and 1141(d) (the "Discharge Injunction") shall not preclude, enjoin, or prohibit any claim by Travelers against the Trust, to the extent it is named as a nominal defendant as set forth in paragraph 6 below, or any of its insurers in the environmental suit commenced by the City of La Porte, Indiana and Brasso Associates, Inc. in the La Porte, Indiana Superior Court on November 13, 2006 (the "Environmental Suit");
6. Subject to the terms of this Order, Travelers is hereby granted limited relief from the Discharge Injunction and the Confirmation Order to name the Trust as a nominal defendant in the Environmental Suit;
7. No judgment obtained against the Trust as a nominal party in the Environmental Suit shall be executable against or payable by the Trust, nor shall the Trust be required to pay any defense bills, litigation costs, or expenses related to such debt or claim if it is added as a nominal defendant in the Environmental Suit; provided, however, that any judgment obtained by

Travelers against the Trust as a nominal defendant may be executable against or payable by the Trust's insurers to the extent permitted by state law. If the Trust is named as a nominal party in the Environmental Suit, and if any of its former trustees, officers, or employees is subpoenaed to appear as a witness at a deposition in connection with the Environmental Suit, Travelers shall pay the reasonable attorneys' fees and expenses of such trustee, officer, or employee in connection with his or her legal representation at the deposition, if such fees and expenses are not paid by any of the Trust's insurers. Except as provided in paragraph 9 below, Travelers shall not be responsible for any other costs or expenses of the Trust.

8. Except as specifically provided herein with respect to the Trust, this Order shall not be construed as prohibiting, limiting or adjudicating any claim or defense of any party that has been, or may be, asserted in the Environmental Suit;

9. The Trustee shall maintain all documents, records, and files in the Trustee's possession for a period of ten years or until the Environmental Suit is adjudicated, whichever occurs sooner, and the cost for the storage of such documents, records and files shall be borne by Travelers and payable to the Trustee on a monthly basis; provided, however, that if Travelers sends reasonable advance written notice to the Trustee that it will no longer pay such costs, the Trustee, at his sole discretion, may destroy the Trust Records in accordance with the terms of this Order;

10. This is a final order within the meaning of 28 U.S.C. § 158 that is effective immediately upon entry.

DATED: New York, New York
March 31, 2008

/s/Burton R. Lifland
United States Bankruptcy Judge